

**Probity Mining 2023 Short Duration Flow-Through  
Limited Partnership**

2023 Semi-Annual Management  
Report of Fund Performance

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## **2023 Semi-Annual Management Report of Fund Performance**

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This semi-annual management report of fund performance contains financial highlights but does not contain the complete semi-annual financial statements of Probity Mining 2023 Short Duration Flow-Through Limited Partnership (the “Partnership”). You can get a copy of the financial statements at no cost in the following ways; by calling Qwest Investment Fund Management Ltd. (the “Manager”) at (604) 602-1142 or 1-866-602-1142; by writing to the Manager at, Suite 732, 1055 Dunsmuir Street, Vancouver, BC V7X 1L2; by e-mailing the Manager at [info@qwestfunds.com](mailto:info@qwestfunds.com); or by viewing the information on SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact the Manager to request a copy of the Partnership’s proxy voting policies and procedures, proxy voting disclosure records, or quarterly portfolio disclosures.

### **Management Discussion of Fund Performance**

#### **Results of Operations**

The Partnership commenced operations on February 14, 2023. During the period ended June 30, 2023, the Partnership issued 342,185 Class A – National Class units, 20,900 Class A – British Columbia units, 162,080 Class A – Quebec units, 140,850 Class F – National Class units, 7,500 Class F – British Columbia units, 11,600 Class F – Quebec units, and 1 Class P unit. As at June 30, 2023, all classes of units issued were outstanding.

Total expenses incurred by the Partnership for the period from commencement of operations on February 14, 2023 to June 30, 2023 were \$883,456, comprised mainly of \$730,196 in issue costs, \$60,525 in legal fees, \$47,942 in administration fees, \$24,150 in fund manager Fee, and \$12,225 in transfer agent fees.

Unrealized depreciation of investments for the period ended June 30, 2023 was \$243,966.

At June 30, 2023, net assets attributable to Limited Partners for Class A – National Class units was \$2,837,096 or \$8.29 per unit, for Class A – British Columbia units was \$165,259 or \$7.91 per unit, for Class A – Quebec units was \$1,340,621 or \$8.27 per unit, for Class F – National Class units was \$1,219,280 or \$8.66 per unit, for Class F – British Columbia units was \$60,765 or \$8.10 per unit, and for Class F – Quebec units was \$100,707 or \$8.68 per unit.

#### **Recent Developments**

In the first half of 2023, the performance of the S&P/TSX Venture Metals and Mining Index remained range-bound and volatile. The index initially posted an 18% gain around mid-April but ended the period with a 9% increase. Similar trends were observed in other commodities, with gold prices gaining 5% while the copper price declined by 2% after experiencing higher gains earlier in the year. Nickel and lithium, which are essential battery commodities, saw a decrease of 32% and 47%, respectively, during the period.

The first six months of the year have been characterized by stubborn inflation, rising interest rates, ongoing conflicts in Europe, and concerns of a global recession. After ten consecutive rate hikes, the US Federal Reserve decided to pause in June to assess the economic impact of its policies while signaling two more 0.25% rate hikes for 2023. On the other hand, the European Central Bank (ECB) continued to raise rates, implementing a 0.25% hike in June and showing no intention of pausing. The ECB also revised its future inflation expectations upward while reducing the economic growth outlook. In June, the Bank of England also opted to continue raising rates in an effort to combat inflation. These actions by global central banks, combined with poor economic indicators and recession concerns, have made investors hesitant to allocate funds to riskier assets, including commodity explorers, especially as they face financial pressure from inflation.

According to S&P Global commodity insights, electric vehicle sales grew by 36% last year, driven by Chinese subsidies that ended in December. Battery manufacturers have been reducing production due to concerns about softer demand in 2023. Indicators of a weakening global economy, fears of a recession and in some cases, robust supply have also contributed to lower demand for battery metals and subsequent price performance in the first half of 2023.

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The Investment Advisor and Fund Manager expect the softer demand for industrial and battery metals to persist until there is an improvement in the global economic outlook. They believe that the urgency to combat climate change through global initiatives will lead to increased demand for "Green Metals" such as copper, nickel, cobalt, and lithium, among others. This growing demand, combined with supply chain constraints, may provide some price support for these metals, particularly as high-quality deposits become harder to find. Despite the near-term challenges, the Investment Advisor and Fund Manager believe that we are in a secular bull market for industrial commodities as they are essential for achieving long-term global decarbonization goals.

Regarding precious metals, geopolitical uncertainty and rapidly rising inflation pressures are expected to drive gold to outperform other asset classes in the medium term. The US and major central banks have prioritized inflation control and are slowing down their economies. However, the implementation of monetary tightening programs is likely to be cautious to minimize the impact of a possible recession. Therefore, volatility in the gold price is expected in the near term. Additionally, advancements in nuclear power utilization should support uranium prices, although short-term trading may create volatility due to ongoing disruptions in Russian uranium supply and low trading volumes determining the spot price.

The limited partnership's exploration investments provide exposure to various commodities, with the most significant exposure being in gold. This is not surprising, as in 2022, precious metals (primarily gold) accounted for over two-thirds of exploration expenditures in Canada. However, spending on critical minerals exploration is expected to increase significantly in 2023.

According to the Government of Canada, spending on Canadian exploration and deposit appraisals reached \$4.1 billion in 2022, marking the second-highest level on record. However, due to economic uncertainty and concerns of a recession, spending in 2023 is expected to decline to \$3.7 billion, which remains high compared to historical standards. In April 2022, the government announced a doubling of the mineral exploration tax credit to 30% for targeted critical minerals. Additionally, the first critical minerals strategy includes initiatives totaling \$3.8 billion over the next seven years, focusing on nickel, copper, cobalt, rare earth elements, and uranium.

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### Financial Highlights

The following tables show selected key financial information about the Partnership and are intended to help you understand the Partnership's financial performance for the past period. This information is derived from the Partnership's financial statements.

#### *Net Assets per Limited Partnership unit <sup>(1)</sup>*

Net Assets attributable to Limited Partners for Class A - National Class, per unit	June 30, 2023
<b>Initial NAV</b>	<b>\$ 10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	-
Total expenses	(1.38)
Realized gains (losses)	-
Unrealized gains (losses)	(0.33)
<b>Total Increase (decrease) from operations <sup>(2)</sup></b>	<b>(1.71)</b>
<b>Distributions:</b>	
From dividends	-
From capital gains	-
<b>Total distributions</b>	<b>-</b>
<b>Net assets attributable to holders of redeemable shares at end of period</b>	<b>8.29</b>

Net Assets attributable to Limited Partners for Class A - British Columbia, per unit	June 30, 2023
<b>Initial NAV</b>	<b>\$ 10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	-
Total expenses	(1.12)
Realized gains (losses)	-
Unrealized gains (losses)	(0.98)
<b>Total Increase (decrease) from operations <sup>(2)</sup></b>	<b>(2.09)</b>
<b>Distributions:</b>	
From dividends	-
From capital gains	-
<b>Total distributions</b>	<b>-</b>
<b>Net assets attributable to holders of redeemable shares at end of period</b>	<b>7.91</b>

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**Financial Highlights (continued)**

<b>Net Assets attributable to Limited Partners for Class A - Quebec, per unit</b>		<b>June 30, 2023</b>
<b>Initial NAV</b>	<b>\$</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>		
Total revenue		-
Total expenses		(1.43)
Realized gains (losses)		-
Unrealized gains (losses)		(0.30)
<b>Total Increase (decrease) from operations <sup>(2)</sup></b>		<b>(1.73)</b>
<b>Distributions:</b>		
From dividends		-
From capital gains		-
<b>Total distributions</b>		<b>-</b>
<b>Net assets attributable to holders of redeemable shares at end of period</b>		<b>8.27</b>
<b>Net Assets attributable to Limited Partners for Class F - National Class, per unit</b>		<b>June 30, 2023</b>
<b>Initial NAV</b>	<b>\$</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>		
Total revenue		-
Total expenses		(1.00)
Realized gains (losses)		-
Unrealized gains (losses)		(0.34)
<b>Total Increase (decrease) from operations <sup>(2)</sup></b>		<b>(1.34)</b>
<b>Distributions:</b>		
From dividends		-
From capital gains		-
<b>Total distributions</b>		<b>-</b>
<b>Net assets attributable to holders of redeemable shares at end of period</b>		<b>8.66</b>

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**Financial Highlights (continued)**

Net Assets attributable to Limited Partners for Class F - British Columbia, per unit	June 30, 2023
<b>Initial NAV</b>	<b>\$ 10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	-
Total expenses	(0.90)
Realized gains (losses)	-
Unrealized gains (losses)	(1.00)
<b>Total Increase (decrease) from operations <sup>(2)</sup></b>	<b>(1.90)</b>
<b>Distributions:</b>	
From dividends	-
From capital gains	-
<b>Total distributions</b>	<b>-</b>
<b>Net assets attributable to holders of redeemable shares at end of period</b>	<b>8.10</b>

Net Assets attributable to Limited Partners for Class F - Quebec, per unit	June 30, 2023
<b>Initial NAV</b>	<b>\$ 10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	-
Total expenses	(1.00)
Realized gains (losses)	-
Unrealized gains (losses)	(0.32)
<b>Total Increase (decrease) from operations <sup>(2)</sup></b>	<b>(1.32)</b>
<b>Distributions:</b>	
From dividends	-
From capital gains	-
<b>Total distributions</b>	<b>-</b>
<b>Net assets attributable to holders of redeemable shares at end of period</b>	<b>8.68</b>

<sup>(1)</sup> This information is derived from the Partnership's June 30, 2023 (unaudited) financial statements. The net assets per security presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

<sup>(2)</sup> The Partnership is a closed-end partnership and no additional units can be issued after the completion of the final closing. In addition, no Partnership units can be redeemed until the time of dissolution of the Partnership. As a result, the units issued and outstanding as of the completion of the final closing were used to calculate the net assets attributable to limited partners as at June 30, 2023 and the increase (decrease) from operations for the period from commencement on February 14, 2023 to June 30, 2023.

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**Ratios and Supplemental Data**

<b>Class A - National Class</b>	<b>June 30, 2023</b>
Total net asset value (000's)	\$2,837
Number of mutual fund shares outstanding	342,185
Management expense ratio <sup>(1)</sup>	6.48%
Management expense ratio before absorption (1)	6.48%
Portfolio turnover rate <sup>(2)</sup>	0.00%
Trading expense ratio <sup>(3)</sup>	0.00%
Net asset value per share	\$8.29

<b>Class A - British Columbia</b>	<b>June 30, 2023</b>
Total net asset value (000's)	\$165
Number of mutual fund shares outstanding	20,900
Management expense ratio <sup>(1)</sup>	6.80%
Management expense ratio before absorption (1)	6.80%
Portfolio turnover rate <sup>(2)</sup>	0.00%
Trading expense ratio <sup>(3)</sup>	0.00%
Net asset value per share	\$7.91

<b>Class A - Quebec</b>	<b>June 30, 2023</b>
Total net asset value (000's)	\$1,340
Number of mutual fund shares outstanding	162,080
Management expense ratio <sup>(1)</sup>	6.50%
Management expense ratio before absorption (1)	6.50%
Portfolio turnover rate <sup>(2)</sup>	0.00%
Trading expense ratio <sup>(3)</sup>	0.00%
Net asset value per share	\$8.27

<b>Class F - National Class</b>	<b>June 30, 2023</b>
Total net asset value (000's)	\$1,219
Number of mutual fund shares outstanding	140,850
Management expense ratio <sup>(1)</sup>	6.21%
Management expense ratio before absorption (1)	6.21%
Portfolio turnover rate <sup>(2)</sup>	0.00%
Trading expense ratio <sup>(3)</sup>	0.00%
Net asset value per share	\$8.66

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**Ratios and Supplemental Data (continued)**

<b>Class F - British Columbia</b>	<b>June 30, 2023</b>
Total net asset value (000's)	\$61
Number of mutual fund shares outstanding	7,500
Management expense ratio <sup>(1)</sup>	6.63%
Management expense ratio before absorption (1)	6.63%
Portfolio turnover rate <sup>(2)</sup>	0.00%
Trading expense ratio <sup>(3)</sup>	0.00%
Net asset value per share	\$8.10

<b>Class F - Quebec</b>	<b>June 30, 2023</b>
Total net asset value (000's)	\$101
Number of mutual fund shares outstanding	11,600
Management expense ratio <sup>(1)</sup>	6.19%
Management expense ratio before absorption (1)	6.19%
Portfolio turnover rate <sup>(2)</sup>	0.00%
Trading expense ratio <sup>(3)</sup>	0.00%
Net asset value per share	\$8.68

<sup>(1)</sup> Management expense ratio ("MER") is based on total expenses less commissions for the stated period and is expressed as an annualized percentage of monthly average net assets during the period.

<sup>(2)</sup> The portfolio turnover rate indicates how actively the Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Partnership buying and selling all the securities in its portfolio once in the course of the period. The higher a portfolio turnover rate is in a period, the greater the trading costs payable by the Partnership in the period, and the greater the chance of an investor receiving taxable capital gain in the period. There is not necessarily a relationship between turnover rate and the performance of a portfolio.

<sup>(3)</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as a percentage of average net assets during the period.

**Management Fees**

There is no management fees.



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### Summary of Investment Portfolio

As at June 30, 2023, the net assets attributable to limited partnership units was CAD 5,723,748. Below is a breakdown of the investment portfolio as at June 30, 2023, by sector of all the 25 securities and as a percentage of the aggregate net asset value of the securities in the investment portfolio:

<b>Top Holdings</b>	<b>% of Net Assets</b>	<b>Sector/Subgroup</b>	<b>% of Net Assets</b>
Fathom Nickel Inc.	9.48	Mining	72.74
Puma Exploration Inc.	5.57	Cash	28.25
Eureka Lithium Corp.	5.27	Other assets net of liabilities	(0.99)
TDG Gold Corp.	3.67		100.00
Monarch Mining Corp.	3.62		
P2Gold Inc.	3.41		
Fathom Nickel Inc. (Warrants)	3.33		
Forum Energy Metals Corp.	3.28		
Prospector Metals Corp.	2.91		
Etruscus Resources Corp.	2.62		
Canada Carbon Inc.	2.55		
Eureka Lithium Corp. (Warrants)	2.51		
Nine Mile Metals Ltd.	2.48		
Orford Mining Corp.	2.44		
Rokmaster Resources Corp.	2.06		
Traction Uranium Corp.	2.04		
Canada Carbon Inc. (Warrants)	1.84		
Rockridge Resources Ltd.	1.83		
Canada Silver Cobalt Works Inc.	1.64		
Nine Mile Metals Ltd. (Warrants)	1.51		
P2 Gold Inc. (Warrants)	1.13		
Forum Energy Metals Corp. (Warrants)	0.95		
Gama Explorations Inc.	0.91		
Puma Exploration Inc. (Warrants)	0.87		
Etruscus Resources Corp. (Warrants)	0.81		

The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund. A quarterly update is available at [www.qwestfunds.com](http://www.qwestfunds.com).

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### **Caution Regarding Forward-looking Statements**

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts, but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Partnership may invest in and the risks detailed from time to time in the Fund's simplified prospectus. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, management of the Partnership does not undertake, and specifically disclaims any intention or obligation to update or revise any forward-looking statements, future events or otherwise, unless required by applicable law.